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## Study: Film incentives cost 20 times more a job than other state programs

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It costs taxpayers 20 times more to create a job using the state's movie tax incentive program than it does using other state job creation programs, according to a state study to be released Tuesday.

The state subsidy going to films such as "Public Enemies," starring Johnny Depp, cost \$128,000 per each year-long job created, the Department of Commerce study found. In contrast, the agency's other programs cost about \$6,200 for creating a job for the first year and that position might, unlike some film jobs, last much longer than that, the study found.

"This program is 20 times more expensive for each job we create," Deputy Commerce secretary Aaron Olver said. "And when you look at major out-of-state films, the cost ratio is off the charts."

Within Gov. Jim Doyle's budget proposal, the recently created film tax credit is generating some of the sharpest disagreements at the Capitol. The Doyle administration is attacking it as a giveaway to Hollywood and seeks to radically cut the program. But the film industry in the state and lawmakers including Rep. Tamara Grigsby, D-Milwaukee, want to simply scale it back and give it time to grow.

"It's an investment in creating an ongoing industry in Wisconsin," said Scott Robbe, executive director of Film Wisconsin. "The (state's) financial evaluation is a myopic look at the big picture."

The Commerce report estimated the spent about \$5 million on Wisconsin businesses and workers. Film Wisconsin estimates the in-state impact at \$7.5 million, which includes \$1.9 million for salaries for Wisconsin workers.

Commerce officials said that since taxpayer money for creating jobs is limited, it makes sense to compare how much it cost to create a job with the film program compared to others targeting manufacturers and high-tech businesses.

Zach Brandon, the No. 3 official at Commerce, said much of the public didn't understand that the "refundable" tax credits work more like grants, in that a company in some cases can claim more than it paid in taxes. The state paid \$4.6 million to the makers of Public Enemies through the credits, even though the film generated an estimated \$270,000 in state taxes, the study found.

So far, the state expects to pay out at least \$6.9 million through the film program, Olver said.

As proof of the program's success, Robbe pointed to the eight films, 16 television shows and two video-game projects that have happened in the state since the program's creation in January 2008.

The Commerce report failed to account for harder-to-quantify benefits from movies such as increased tourism to filming sites, said Ben Nuckels, chief of staff to Lt. Gov. Barbara Lawton, a film credits supporter.

In his budget, Doyle proposed replacing the program that gives back 25 percent of qualified film production expenses — with no cap on how much can be awarded — with a \$500,000 per year grant program. Grisby has proposed capping the existing program's per-project tax credits at \$15 million.

Robbe said it makes no sense to end the state program a little more than one year after it started and said the Doyle administration is simply trying to help solve the state's budget problems.

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